

Rural Transportation— Rural Development

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INTRODUCTION

John Donne once wrote, "No man is an island unto himself. The death of any man diminishes me for I am a part of mankind. Therefore, send not to ask for whom the bell tolls, it tolls for thee."

Ernest Hemingway later borrowed this quotation for the theme of one of his most famous books and I can certainly do no worse by borrowing it for the theme for this talk.

There is probably no truth which has been brought closer to our doorstep lately than the fact that we are not individually self-sufficient. *No man is an island unto himself.*

At no time in this country's history have we been more involved in world trade, nor are we in the enviable position of the crawfish which is able to back into the safety of isolation. We are now part of the world and its commerce, like it or not.

We are equally dependent on commerce between our own states and regions. For as we specialize to achieve efficiency, so are we also more greatly dependent on our fellow specialists.

We once wove our own ropes to catch and tame our work animals in order to clear our own fields. We built our own plows; tilled our own fields; planted and harvested our own crops and trapped the animals which provided us with meat and clothing. We were then an island unto ourselves, but no longer.

Today of course the spinners spin, the reapers reap, the teachers teach and the machinery salesmen talk a lot. Each has continued to raise his profession to greater and greater levels of efficiency so that what were once paradigms are now subdivided into diverse paradigms. Whole industries are continuing to divide and subdivide and nowhere is this more evident than in the field of agriculture.

Our ancestors traveled out of curiosity or to avoid seasonal changes or natural catastrophies, such as flood or drought.

Today because of our specialization, transportation is our singularly most important need for without it we cannot even eat or drink. We simply cannot even eat or drink without transportation.

I will not belabor the point of how absolutely necessary transportation is to our individual and national welfare. You would not be here if you weren't already aware of this fact.

WHAT IS THE ORIGIN OF OUR TRANSPORTATION SNARL?

How then have we gotten ourselves into the transportation snarl in which we now find ourselves?

The answer is at once both simple and complicated. The simple part is this: we haven't spent enough money constantly upgrading our total transportation network, including rail, highway, mass transit, airways, waterways, etc.

The complicated part of the answer is that the world's most affluent society has become apathetic about anything unglamorous, was ripped by an unpopular war and, concurrently, the political climate has become so unstable that government—particularly our total national leadership—is virtually incapable of functioning efficiently.

We should have had a total national transportation plan in this country 20 years ago. We don't have one yet.

This lack of a national transportation plan was supposed to be corrected by the creation of the Department of Transportation. So far the creation of DOT has done nothing to lead us into a total transportation scheme. If anything, we are in a worse posture now than we were before the creation of DOT.

When the President was establishing an agricultural policy calling for all-out food production to salvage the American dollar, DOT was recommending the abandonment of 78,000 miles of rural rail lines (on top of 46,000 miles already abandoned) while at the same time recommending a massive reduction in the expenditure of monies for rural roads.

A ten-year old child could predict the results of such actions.

MUCH COMMITTEE TALK ON MASS TRANSIT—LITTLE ON RURAL ROADS

I am holding a volume containing almost 1,000 pages of testimony taken before the House Public Works Committee prior to the writing of our present highway bill. The only testimony during this hearing

which relates rural rail abandonment and poor rural roads to skyrocketing food prices is that piece of testimony given by Art Graham, editor of *Construction Digest* magazine of Indianapolis, and myself on behalf of *Associated Construction Publications*.

Almost all of the testimony taken during both the House and Senate hearings on the 1973 Highway Act centered around the opening of the Highway Trust Fund for mass transit use.

In fact, there has developed over the past three years a raging debate centering around the either/or proposition of automobile versus mass transit. In our opinion the debate began, festered, and has now led to blind senseless hatred—one side against the other—because we have no national transportation policy. It has placed our legislative representatives in the ridiculous position of being wrong whichever side they support because the debate is only two-sided. The absent third side should have been the consideration of how to move our goods.

Let me stress that the movement of goods, particularly agricultural products, has been almost totally overlooked during this debate.

Of course we need mass transit. And a few of our cities are large enough to even justify rail mass transit. It is also the firm belief of our association that we need federal mass transit subsidies. It seems fruitless to subsidize the purchase of buses and the extension of bus routes through capital grant programs if this is not coupled with funds to help defray the purely socio-welfare based losses which are bound to be incurred with such expansions.

Nevertheless, a large part of our population is still—and will for the foreseeable future be—tied to some form of personal carrier similar to the automobile and which will travel over our highways.

POOR RURAL TRANSPORTATION AND SKYROCKETING FOOD PRICES

Having briefly commented on our position on the automobile and on mass transit, I would like to discuss now the missing third part of the argument—the proven inability to efficiently move our goods.

Most Blame of Inability to Move Goods on DOT and ICC

This cannot be solely blamed on truckers or railroaders. In large measure this failure rests squarely on the shoulders of the DOT and the ICC.

There is not enough money in the Highway Trust Fund to finance our highway needs, let alone our other transportation needs. DOT

would apparently have us believe that the reverse is true. Their recent UTAP proposal is the written proof of this misguided thinking.

Farm Production Shifting into High Gear

Our most recent booming inflation in this country started with the devaluation of the dollar in the early 1970's. We had no choice but to devalue the dollar. For two years we, as a nation, had bought more from overseas than we in turn had been selling abroad. Our only hope to correct this situation was to sell a great deal more overseas and our industry was simply not capable of the task.

We were forced to turn to agriculture for the additional overseas sales that were necessary to once again swing the balance of payments back in the favor of the United States and at today's prices, it takes approximately 167 bushels of wheat to balance the cost of a \$1,000 Japanese camera.

Two years ago this country had 60 million acres of formerly productive so-called "set-aside" farm land being held out of production. It was held out of production because the official government policy was against open agricultural exports. If the land had not been held out of production we would have bankrupted almost every farmer in America because the surpluses would have been enough to drive the prices below the cost of production. In addition, the government purchased and stored millions of bushels of agricultural commodities. These stored surpluses allowed us the virtual luxury of living off of the previous year's harvest.

Few people noticed that our agricultural transportation plant was deteriorating. We were nowhere near maximum production and any time supplies grew short at the market place the government released some of its stored surpluses.

All during this time of minimum agricultural production we virtually ignored our rural transportation system and devoted our attention to the interstate system and especially to our magnificently expensive urban freeways.

Rural Transportation—Double Up to Catch Up

We are not here to debate whether we were right or wrong in building the freeways. What we are attempting to point out is the human error of neglecting our rural road system especially in the light of 46,000 miles of rural rail abandonment.

We have in the past experienced the consequences of allowing our military defenses to deteriorate. We are now caught in a very similar

posture with our rural transportation system. That is, it will take a massive infusion of dollars to bring our rural transportation machinery up to a level where we can efficiently handle our all out effort to achieve full agricultural production. We will have to double up to catch up.

Our poor rural transportation system is causing skyrocketing food prices and greatly contributing to our overall inflation. The inflationary spiral is wrecking our economy and causing shortage after shortage. England is now providing us with a very good example of what this kind of inflationary spiral can ultimately cause.

REAPPORTIONMENT HAS GIVEN URBAN POPULATION DOMINANT POWERS

Another major part of the problem was inadvertently created by the Supreme Court's one-man-one-vote ruling which required the reapportionment of state and federal legislative bodies. And no one can logically argue against the right of every individual to be equally represented.

In retrospect, however, the ruling has given the urban population a greatly dominant voice in all our legislative matters. While being eminently fair, this ruling places a far greater requirement on the urban voter to be knowledgeable of rural affairs. When the urban voter is not knowledgeable of rural needs he places himself in the position of destroying his own economic environment through ignorance of the conditions existing outside of his daily urban life.

As an example, how many times have you in this audience, who live in urban areas, driven a greater number of interstate miles to reach your destination just to avoid some bad rural roads even though the rural route was shorter? Historically we will go to great lengths to avoid a bad road but the farmer cannot. He must use the only available road to receive his seed and fertilizer, to transport his crop and for the myriad other tasks associated with farm life. The consequences to the farmer of continual deterioration of rural roads is eventually economic disaster, not only for the farmer, but for all of us.

POOR RURAL ROADS ENCOURAGE URBAN MIGRATION

But what about all of the other transportation steps between the farmer and the supermarket shelf?

It is our association's contention that the deteriorating rural transportation system has been a major contributing factor in the rural to urban migration that has been so detrimental to our already overcrowded cities.

That this migration must be stopped is now becoming an increasingly popular subject for experts in all of the social fields from psychiatry to law enforcement to social electronics.

But if industry is to continue in or move to rural areas, its first requirement is good transportation. It is obvious than as transportation in a given area deteriorates the industry has two choices: stay and face economic bankruptcy or move to the big city. But a farm cannot be moved to better transportation facilities. Good transportation must be provided all the way from the city to the farm.

RURAL DEVELOPMENT ACT '72 PASSED TO STEM MIGRATION TO CITIES

In an effort to stem the migration to the cities, Congress passed the Rural Development Act of 1972 over a presidential veto.

In the official House Democratic response to the president's State of the Union message, Congressman Bill Alexander (Dem. Ark.) had this to say:

We (Congress) could not have been in more agreement. We have established most of the necessary legislative framework. We have made our commitment to these goals, and appropriated substantial amounts of money to put the programs to work. We expected, in view of the president's rhetoric, that these programs would be enthusiastically endorsed by his administration. We expected in any case, in view of his constitutional mandate, to "take care that the laws be faithfully executed," that they would be promptly and properly administered according to the will of Congress.

In passing the RDA, Congress recognized that man does not live by farm programs alone. While farmers are the cornerstone of the economy, more than half of the citizens of the countryside are professionals, clerks, factoryworkers, businessmen, students, artists, or following other nonagricultural pursuits.

The idea of "rural America" is more romantic than real. The people of the heartland living in the countryside make up a balanced society. This fact is known in Congress but is not yet recognized by an impervious administration.

Local control of governmental decisions is as American as apple pie. I whole-heartedly endorse this philosophy. I fully support the right of the citizen at the local level having the privilege and assistance which he needs to make the decisions which design his destiny.

At the same time, a realistic appraisal of the organization of our nation's needs means recognizing that there are some areas at which decisions must be made on the basis of national interests as a whole. Ones which readily come to mind are such things as national defense, federal highway networks, flood control, and regional development.

These, and other concerns, cannot be solved regardless of the tax dollars that are collected by the IRS and turned over to local governments if the process takes place in a climate of national indecision.

For too long Washington has viewed the countryside and the city as separate nations with separate problems. What will it take for America to see that the urban crisis is no less than a transplanted rural problem compounded by size, congestion, cultural fusion, and crime? This is a mistake which Congress has painstakingly begun to attempt to correct through the passage of major pieces of legislation: Title IX of the Agriculture Act of 1970; Title VII of the Housing and Urban Development Act of 1970; and the Rural Development Act of 1972.

The needs in the countryside for development, for improvements of the quality of life of the people who live there or who would like to live there are as great as those in the metropolitan areas. Attempting to say which of these needs should be first attended to is akin to trying to solve the age-old puzzle of which comes first, the chicken or the egg. So what I would do today is to limit this analysis of the deeds of the administration to seven important elements of life in the heartland of America: education, jobs and economic development, community facilities, recreation, health, transportation, and housing.

AN OPINION CONCERNING RURAL TRANSPORTATION

Concerning rural transportation the House Democratic majority, through Congressman Alexander, had this to say:

In recent years, and particularly during 1973, the importance of being able to move food from the countryside-producing areas to the hungry millions of the cities has begun to receive national recognition. The prod for this has been rising costs. The reasons for the rises are complex and fall on many shoulders, least of all the farmers. But, that is not what I would discuss in this portion of my response.

The picture that I see, and millions like me who are familiar with the transportation systems of the countryside, is a chilling one. It is a picture of catastrophe in the food and fiber distribution system if the transportation policies proposed by the president and his administration come to reality.

First let us take a look at the comments of the *1972 National Transportation Report* of the U.S. Department of Transportation regarding spending for highways in the countryside:

"The results of the economic analysis clearly indicate that user-cost savings justify far less highway investment in rural areas than in urbanized areas."

The report further quoted an independent estimate that the cost "for reconstruction" over a 22-year period "on the rural arterial road system was approximately \$21 billion in 1969 dollars."

The federal-aid highway system is composed of approximately 900,000 miles of roadways. There are strong indications that the administration will propose the dropping of up to 300,000 miles of that system. Since the establishment of the interstate highway program the states have concentrated most of their federal-aid funds on this superhighway network. The result has been the critical deterioration of the countryside roadway network (of over 3,100,000 miles).

The comments of the 1972 National Transportation Report makes it amply clear that at least someone in DOT is aware of some of the rural road problems. Yet the administration has just proposed that the railroads be allowed to abandon at least 78,000 miles of track. Historically, abandonments have totalled approximately 46,000 miles, most of it in countryside areas. It is a good bet that this new proposal will see additional thousands of rail miles abandoned in the countryside. But "don't worry," the administration says. The trucking and barge industries will provide freight service to those areas which the railroads are allowed to abandon.

I agree that there may be good cause for allowing the abandonment of some rail mileage. But, at this time, in view of the transportation network problems in the countryside areas, such precipitous action as is proposed by the administration sounds like Ned in the first reader on transportation.

Why?

First, vast regions of the food and fiber producing areas of the nation simply do not have access to navigable streams on which the waterways industry can operate.

Second, the roadways of countryside America were not built for taking the punishment which would be dealt out by the giant truck transports which would be required to move the agricultural products to railheads or riverports.

Studies of the status of roadways in countryside America which have been completed since 1970 show this:

There are 3,165,895 miles of rural roads, including those which are unpaved, paved but low loadbearing and those capable of carrying heavy loads. Of these roads only 14.2 percent have been judged capable of carrying the heavy transports which the administration says would take up the slack in freight service created by allowing the railroads to carry out the rail abandonments for which they clamor.

What does this mean to the heartland of America? Unless Congress forces the administration to take another look at its shallow, short-sighted transportation proposals it means the commitment to countryside development which we have enacted into law will be a stillborn dream. It means that the food and fiber industry of the nation will be threatened with destruction because the machinery, the seeds, the fertilizer essential to production cannot get to the farms.

What does this mean to the millions in New York, Washington, Chicago, Atlanta, Dallas, Los Angeles, and our other metropolitan areas? They will go hungry or, if they can get food, the prices of 1973 will seem like a pleasant dream. This concludes the quotations from Congressman Alexander's address.

On January 23 of this year, Norbert Tiemann, federal highway administrator of DOT had this to say about the movement of our goods: "Aside from the localized problem of the northeastern railroads, not a great deal has been said about freight transportation recently." Apparently Tiemann is not privy to the very substantial pile of newspaper stories and pictures (from all over the country) which show grains piled high on the ground, unable to be moved. But let me continue to quote from his remarks.

Again, Tiemann, from the same talk, Rather, our limited resources have had to be expended primarily on the problems of passenger transportation, particularly in urban areas. . . . However, while our level of effort in freight transportation has thus necessarily been much lower than in the passenger field, we have

been looking at many of the problems and keeping a watchful eye on developments.

The growth of the trucking industry resulted in a 1972 motor truck inventory of more than 20 million vehicles, including 990,000 trailer and semi-trailer combinations, whose sole purpose would appear to be highway freight haulage. Not only did the number of combinations increase, trucks also grew larger. According to the American Trucking Association, the annual number of heavy highway vehicles entering the system rose from 62,000 in 1956 to 308,000 in 1972 while the annual number of medium-sized vehicles declined from 291,000 to 92,000 over the same period. Thus, although the maximum size and weights of trucks are limited by law, within these limitations the average size of the vehicles has tended to increase.

There is also a limit on the number of highway lane miles that can be built. Therefore, we can expect that pressures for increasing the size and weight limits on trucks to reduce the growth in numbers will increase.

The fuel shortage has already brought suggestions that we remove the size and weight limitations on motor trucks as a trade-off for reduced speeds.

TRUCKS GETTING BIGGER

Trucks are going to get bigger; but perhaps even more importantly, as small trucks wear out, it is obvious that they are being replaced with larger trucks. Our inflation, coupled with the fuel shortage, is making this switch to larger hauling units an absolute necessity.

Obviously, this will necessitate greater maintenance cost on all of our highways from farm-to-market roads to the mighty interstate. But remember, the Highway Trust Fund provides no federal funds for maintenance.

Let me briefly recapitulate before going further.

The rural areas are faced with greatly decreased federal funding from the Highway Trust Fund. They have had much rail abandonment and are faced with a lot more and now the maintenance costs are obviously going to increase because of the absolute necessity for using larger trucks. From where will the money come?

REGIONAL RAIL REORGANIZATION ACT OF 1973 AND MASSIVE RAIL ABANDONMENT

Congress recently passed and the president signed the Regional Rail Reorganization Act of 1973. This is the bill which has finally brought to possible fruition DOT's proposals for massive rail abandonment.

It is under this bill that Indiana, for instance, could lose 37 percent of its remaining rail lines. I have read numerous newspaper articles from Indiana papers concerning the impact this will have on your state. Two Purdue University professors also recently spoke out on this subject so I won't belabor you with my opinions as an outsider; however, several agencies and congressmen who worked very hard on this bill have been quite outspoken and I believe you should be privy to their thoughts.

First let me quote from the official congressional interpretation of the bill: This section provides that all rail service over rail properties of railroads in reorganization beyond that specifically set forth in the Final System Plan may be discontinued upon 90 days notice to the governors, state transportation agencies, community governments, and to each shipper who has utilized the facilities during the previous 12-month period. . . .

This section exempts the railroads from normal provisions on abandonment and discontinuance of service under the Interstate Commerce Act. Such proceedings can take up to 16 months or more, depending upon appeals, and the committee believes it is necessary to allow these railroads to shed excess and uneconomical service as quickly as possible, with adequate notice to affected persons.

It is obvious, from the above, that the ease and speed of abandonment under this new act will be far different from what we have known in the past.

Again quoting from the official interpretation of the act, this time concerning subsidies: subsection a of this section provides that the secretary of transportation shall reimburse a state, local or regional authority for 70 percent of the amount said entity pays as operating subsidy under section 503 c of the act. The amount shall reimburse the state, local, or regional authority for continuation of service for one year where service would otherwise be discontinued or abandoned according to section 503.

Subsection b authorizes the secretary to prescribe regulations governing the procedure for applications for reimbursement of operating subsidies and terms and conditions required of all contracts and arrangements for such subsidies. Subsection c allows each

applicant a 15-day grace period in which to conform with such regulations if the secretary rejects the application. Subsection d limits the duration of a subsidy contract to two years, at which time the contract may be renegotiated.

Subsection e requires each state or jurisdiction making application for a subsidy reimbursal to have requisite enabling legislation adopted by the governmental unit having jurisdiction.

Subsection f limits the authorization for appropriation to the secretary for purposes of this section to not more than \$50-million annually.

What I believe I just read says that you county commissioners are now not only going to be in charge of thousands of miles of under-funded highways but you "about to find out if you is de railroader or the railroadee. The federal gobment done got down on one knee with \$50 million in one hand, a set of loaded dice in the other and said fade me—I am de shooter."

In fairness to all who were involved in drafting the Rail Reorganization Act, I feel constrained to say that it is certainly better than nothing. I am not being facetious; they labored under terrible pressures and each had to buy a piece of someone else's pie in order to get a rail bill at all.

COMMENTS ON RAIL REORGANIZATION ACT

I will now read a few brief quotes concerning comments on the bill that will be of interest to you.

Operating Subsidies No Answer for RR

Secretary of Transportation, Claude Brinegar, stated, It is unwise for the federal government to become burdened with a commitment to provide operating subsidies for activities which may never become self-sufficient. Such subsidies, in themselves, may be entirely perverse in that they offer the losing operation little incentive for improving service and eliminating losses. Operating subsidies, in effect, do not work as a holding action to give a potentially viable operation a second chance, but tend to become a way of life. Furthermore, this way of life is one which has a built-in impetus to become more and more expensive, unchecked by the absence of any meaningful sanctions to put an end to the subsidy mechanism, per se. It is not a sufficient sanction to restrict contracting periods for operating subsidies to two years if contracts can then be renewed.

In these remarks Secretary Brinegar is not talking about 100 percent federal subsidies; he is talking about 70 percent federal money. He is also talking about 30 percent local money.

Displacement Allowances Costly

Congressman Dan Kuykendall, a member of the House Commerce Committee which drafted the bill had this to say: The first (objection) is enabling an able-bodied man who happens to have more than five years service on the railroad to sit at home and receive a monthly displacement allowance of up to \$30,000 per year until he reaches age 65. This is far in excess of the protection which is afforded employees of AMTRAK, the only other example of where federal funds are being used directly to provide labor protection.

I feel obligated to throw in my own comment here and it is more of a rhetorical question than a comment. If you were working for one of the subsidized lines and you had a chance to see that the line continued to lose money so that it would be abandoned and you could then sit on your assets and draw your full salary to age 65, would you work hard to make a success of that subsidized line or would you and your fellow workers try to see that it continued profitless and was abandoned?

Federal Loans to States to Buy Bad RR Lines Unwise

Again, back to Congressman Kuykendall's comments, Finally, I consider most unwise the provision adopted by the committee which will authorize federal loans to states or localities to enable them to buy lines that should be abandoned. This is a dangerous step toward nationalization of the railroads. I recognize the problem in the northeastern part of the United States and shall work for a solution of it, but I regard this as a most dangerous precedent.

Believes Rail Bill Will Lead to Nationalization of RR

It is my firm conviction in agreeing with Congressman Kuykendall that this rail bill will lead to eventual nationalization of our railroads. When England nationalized its rail system the government abandoned not 37 percent but 50 percent of its rail lines. Today England has a fine system of railroads for carrying people but if you scratch the surface a little deeper you will find how critically England has been hurt by the combination of this rail abandonment and its horrible inland roads.

One last quote on the rail bill by Congressman Joe Skubitz, another member of the committee which drafted the bill, Government agencies' jealousy of each other's status has denied the committee the expertise, the knowledge, and the informed and combined legislative advice that the committee sorely required. Indeed, at least some of the circumstances that brought about this fiasco of the northeastern railroads might be laid at the door of one agency that by law has direct responsibility over the nation's rail transportation. Another government department, somewhat new in the railroad field, distinguished itself primarily by seeking to brush aside other views and sell the committee the hardly tenable proposition that if it were given an open-end authority, it would put together an economically viable northeast transportation system at modest cost.

Towns Losing RR Should Have Improved Highway Service

It should be getting clearer that, like it or not, we are going to have considerable rural rail abandonment in the next few years. No matter which option we use under this rail bill we will eventually have abandonment.

If we are not to kill those communities that will lose rail service they will have to be given priority consideration for improved highway service to the nearest major rail collection point.

UNIFIED TRANSPORTATION ASSISTANCE PROGRAM BILL

Having just emphasized what is needed, let me now discuss the latest administration transportation proposal. It is officially called H.R. 12859. The bill reads thus: "Amend title 23, United States Code, The Federal-Aid Highway Act of 1973, and other related provisions of law, to establish a unified transportation assistance program, and for other purposes." It is affectionately or otherwise known as UTAP (United Transportation Assistance Program).

It is essential that you become familiar with this bill. It is new and hearings have just started on it. It has been assigned to the Public Works Committees of both Houses, and the Senate has scheduled traveling hearings on the bill. The Senate hearings began recently in New York City.

Here briefly is the American Roadbuilders Association analysis of the UTAP bill. Admittedly, the ARBA has a vested interest in the bill, but I believe you will find that their analysis is without much bias.

ARBA Analysis of What UTAP Bill Will Do For the Highway Program in FY's '75-'77

1. Makes a clear separation between urban and rural programs by putting small urban areas (5,000 to 50,000 population) in the rural category.
2. Extends federal-aid highway authorizations through fiscal year 1977, with FY 1977 authorizations of \$700 million for the rural primary program, \$400 million for rural secondary, \$300 million for urban extensions and \$800 million for the urban system.
3. Liberalizes the "switchability" of these funds, so that up to 40 percent of any of the above categorical apportionments could be moved from one category to another. Also, up to 100 percent of the urban extensions apportionments could be switched to the urban system.
4. Limits the earmarking of urban system funds to urbanized areas of 400,000 and up. At present, earmarking applies to urbanized areas of 200,000 and up.
5. Changes the federal-state matching ratio for noninterstate projects from 70-30 to 80-20.

ARBA Analysis of What UTAP Bill Will Do For the Urban Mass Transit Program in FY's '75-'77

1. Adds an additional \$1.3 billion to existing urban public transportation authorizations.
2. Within this expanded authorization capability, provides for the apportionment (on the basis of urban population) of \$700 million for fiscal year 1975, \$800 million for fiscal year 1976, and \$900 million for fiscal year 1977. The remaining UMTA funds (\$700 million per year) would be distributed at the discretion of the secretary of transportation.
3. Provides that operating subsidies to assure improvements in public transportation service be approved as federal-aid mass transportation projects. Such subsidies would be supplemental to, not substitutions for, existing state and local transit subsidies. Only those funds distributed by the apportionment formula would be eligible for use as operating subsidies.

ARBA Analysis of What UTAP Bill Will Do For the Highway and Urban Mass Transportation Programs in FY's '78-'80

1. Effective July 1, 1977, merges the urban public transportation formula grant program and the urban system highway program.

The new merged program is to be known as the Unified Transportation Assistance Program (UTAP).

2. Provides for the apportionment of \$2 billion per year to governors to carry out the UMTA program in urbanized areas of 50,000 and more population. An additional authorization of \$700 million per year would be provided for urban public transportation capital grants at the discretion of the secretary. (All of this money would come from the general fund.)

3. Changes the title of Title 23, United States Code, "Highways" to "Highways and Mass Transportation" and adds a new chapter program which is similar to many in the UMTA Act.

The UTAP plan would diminish the program for which the highway trust is responsible. In fact, some Washington observers believe that it is the intent of the administration to let the Highway Trust Fund die on October 1, 1977, as provided by existing legislation.

THOUGHTS ON UTAP BY ASSOCIATED CONSTRUCTIONS PUBLICATIONS' TRANSPORTATION BETTERMENT COMMITTEE

You have just heard ARBA's opinion; now here are the thoughts of our association on UTAP: "it provides such meager funding for rural areas that they might as well be left out."

It is not hard to defend the rail bill or UTAP if looked at by themselves. Nor is it hard to defend a policy of full agricultural production in order to salvage the dollar and stem inflation. A rural development bill also is exemplary and has enough broad support to override a veto.

Series of Bills Together Devastating

But how can you defend or support a series of bills that in combination are driving the cost of food beyond the pocketbook of labor and at the same time killing formerly healthy communities and continually pushing people into overcrowded cities which in turn causes only more lawlessness, narcotic problems, etc.? It is like a bad nightmare; only this one keeps on and you don't wake up from it.

Perhaps an even better corollary than the nightmare is that of a set of prescriptions for a sick person which, if taken individually for one single disease, could cure. But if taken in combination for a series of illnesses could inter-react with each other into a fatal potion that would bring death rather than restoring health.

We cannot argue with the money UTAP proposes spending in the cities. We *do* decry the insufficient funding for rural transportation.

SUGGESTIONS FOR A SOLUTION

Indiana's Farm Products to Be Moved

Is there a solution? Providing that proper federal funding can be legislated we will make the following suggestion.

Conduct Some Intense Demonstration Containerization Projects

It is our recommendation that a number of intense demonstration projects be conducted immediately, utilizing the concept of containerization in the movement of agricultural products. A study of the inadequacies of our rural transportation system should be conducted concurrently with the demonstrations.

We have a history in this country of studying projects to death and this is why we are recommending that the demonstration projects run concurrently with the study of our rural transportation shortcomings. Only in this way can we develop the system, hardware adaptations (if needed) and a proper allocation formula for our total goods-moving transportation dollar in the shortest possible period of time.

To grasp the magnitude of the problem Indiana faces in moving its greatly increased agricultural production consider first the total value of all Indiana agricultural production for the years: 1966, 1969, 1972 and 1973,

Indiana's Agricultural Production

1966—\$ 791,879,000

1969—\$ 849,700,000

1972—\$1,827,565,000

1973—\$2,870,183,000

Next consider Indiana's international agricultural exports and how these have grown:

Indiana Agricultural Exports

1966—\$ 46,200,000

1969—\$319,600,000

1973—\$608,000,000

How is this amount of product moved to market—either domestic or international—with a deteriorating rural transportation system?

Suggested States for Demonstrations

It is our suggestion that these demonstration projects take place in the states of Maine, Indiana, Illinois, Oklahoma, Iowa, Arkansas, Minnesota and Texas.

Briefly, we have selected these states for the following reasons: Maine, because of the loss of part of last year's potato crop; Indiana, because it will lose more rural rail on the Penn Central system than any other state; Illinois, because of the problems of bankruptcy of the "country elevators"; Oklahoma and Iowa, because of the severe loss of rail these states have already suffered; Arkansas and Minnesota, because of their large poultry export and the decrease in delivery of bulk feeds; and Texas, because of its problems in the movement of fruit crops, cattle and cattle feeds.

The above are only suggestions. Perhaps a better selection of demonstration areas could be made.

Suggested That Land-Grant Colleges Conduct Demonstrations

It is also our suggestion that the demonstration projects be conducted by the land-grant colleges and universities in the respective states chosen. We make this suggestion because of the quantity of knowledge (concerning the problems we have been discussing) which already exists in these schools, and because of this, their ability is to expedite the projects locally rather than trying to run them long-distance from Washington.

These state schools also have immediate access to the mass of available (but uncorrelated) data presently existing in various state agriculture, transportation and commerce departments.

General guidelines for the demonstration projects and pursuant studies would, of course, have to come from Washington.

We sincerely believe that, from these projects, there will come a truly functional transportation system for the movement of agricultural products not only intrastate, but interstate and for export.

CONTAINERIZATION USE IN AGRICULTURE

The following figures and captions illustrate how a containerization system might work with agriculture.

The idea of containerization of agricultural products is not new. We are told that currently, much grain is being moved along the west coast in containers.

Its broad application to all parts of the country, however, is yet to be proven; hence, our recommendation for the demonstration projects.

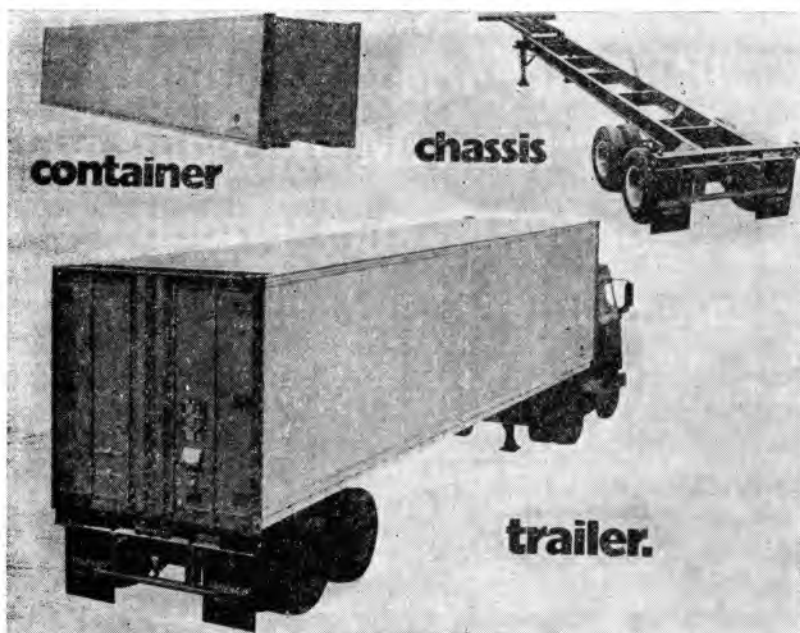


Fig. 1. An illustration of basic containerization and the slight differentiation between this, a highway truck, and what on the rails is known as "piggyback."

It is not our current thinking that containerization is the total answer for the agri-business community. Rather, we are thinking of it as a means to handle the overload as well as providing a means for rail-abandoned communities to compete with other communities. If subsidies are to be considered, it would appear to be far cheaper to subsidize the rate differential, if any, between container and covered grain hopper than it would be to continue to subsidize a spur rail line. Also, container-hauled grain is handled in bulk fewer times, thus saving much damage and handling costs.

ASSOCIATION TO TESTIFY ON CONTAINERIZATION

The House Commerce Committee has requested that our association testify before additional rail hearings. Among other things they have requested that our testimony contain information on the movement of agricultural products by container.

In addition, Senator Hubert Humphrey, in his capacity as chairman of the Export Subcommittee of the Senate Committee on Agriculture

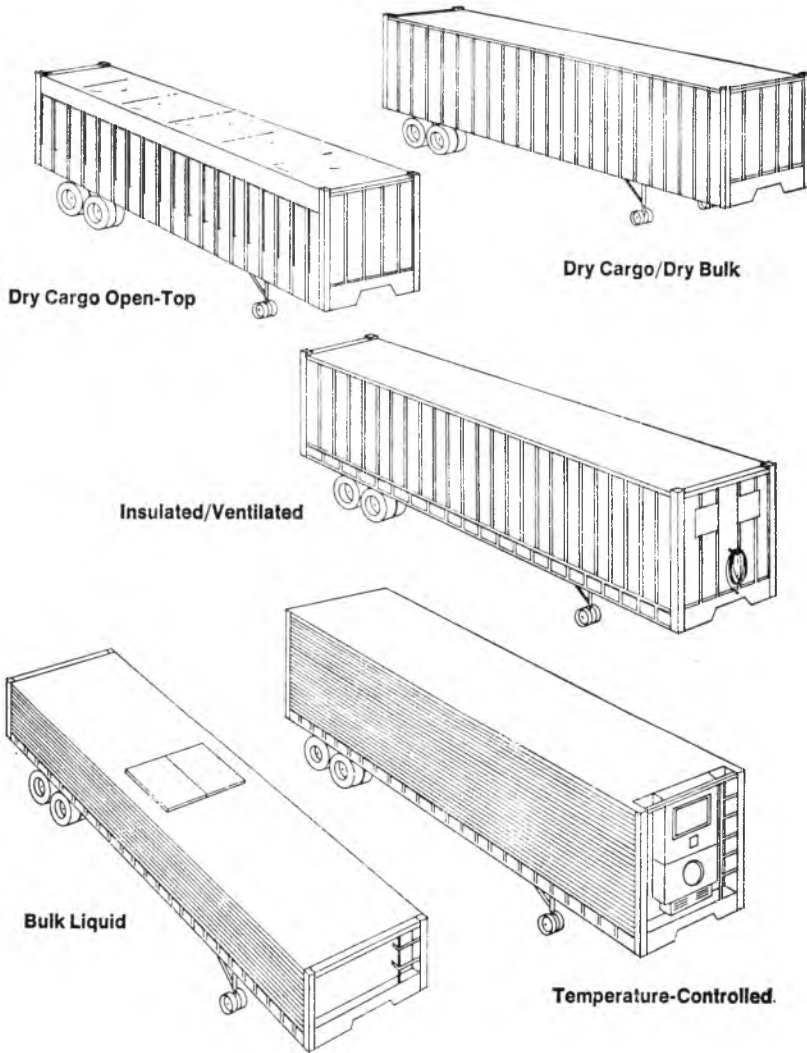


Fig. 2. Illustrates a few of the many types of containers.

and Forestry, recently entered the following in the record: . . . we as a nation have set a goal of all-out food production for next year and the foreseeable future.

We must achieve this goal in order to control food prices at home, help avert threatened catastrophic famines in many developing nations, and protect the value of the U. S. dollar abroad.

As an additional goal, this nation is attempting to achieve a balance of urban and rural growth in the future in which rural areas must play an important growth role.

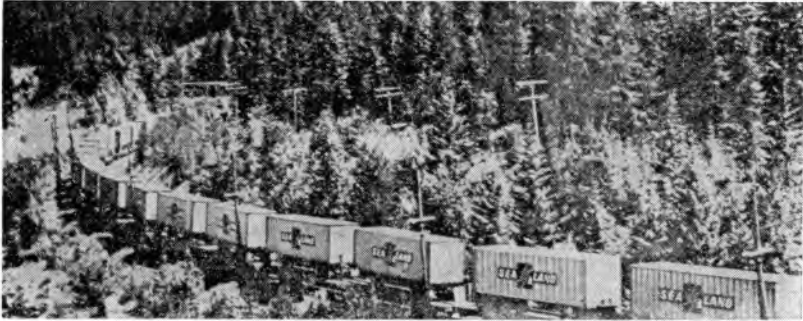


Fig. 3. Shows a unit train of containers. These boxes could just as easily contain soybeans, wheat, or corn.

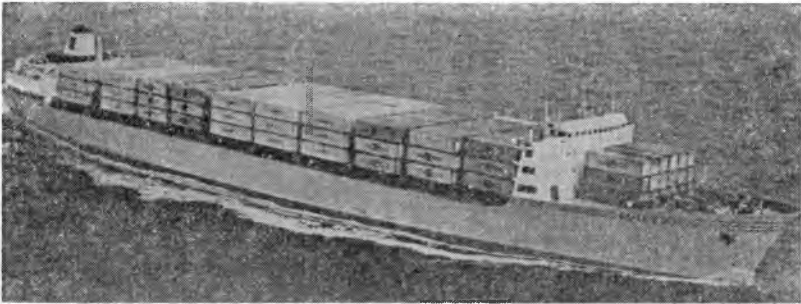


Fig. 4. A containership. This has come into common service and, in point of fact, is now the most common form of ocean-going shipping.

Fig. 5. An advertisement for the Southern Pacific Railroad which illustrates a product moving by container without rehandling or disruption although it moves over several different modes of transportation. [Figure omitted by Editor].

These are realistic short- and long-range, bipartisan goals which we must achieve.

However, the existence of one major stumbling block is becoming increasingly apparent. The magnitude of this obstacle is frightening, and the extent of its parameters is unknown.

That stumbling block is rural transportation, or rather the inadequacy and, in some cases, complete lack of usable facilities for rural transportation.

No effort has been made to determine the impact of tens of thousands of miles of rail abandonments on rural America and its agricultural production. Concurrent with this has been emphasis on interstate-type highway construction without a similar emphasis on improving deteriorated primary, secondary, and county roads, the latter two comprising our farm-to-market road system.



Fig. 6. Explains a land bridge and how it operates.

No study has been made which relates the effects of rail abandonment and inadequate farm-to-market roads to farm production and the cost of agricultural products, not to mention its relationship to farm failure and the decay of rural communities.

The first efforts along these lines is a study this Congress ordered, as a part of the Agricultural Appropriations Act, on the "Crisis in Rural Transportation." This crisis is indeed very real and, in this case, not overstated.

I requested that we consider on an urgent basis an expansion of this study which may offer some possible, partial solutions, at least, in time to prevent a disastrous breakdown in transportation when full farm production is achieved, if indeed this production level can be attained without transportation solutions beforehand.

I say possible solutions since it will take research and study to find the limits of feasibility of any new concepts.

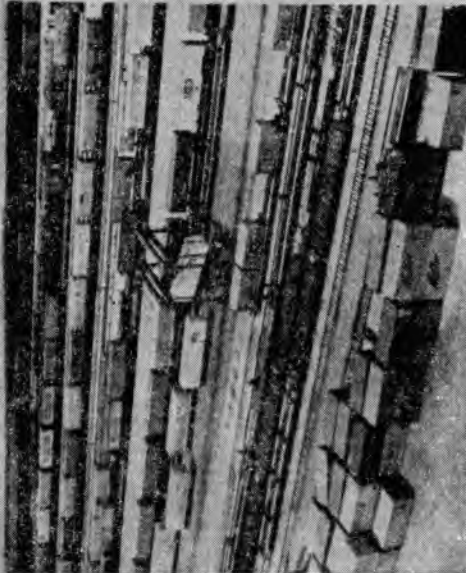
The expanded study would encompass research on utilization of the "container concept" in the movement of bulk agricultural products, both within the country and overseas.

The "container concept" is revolutionizing all forms of transport worldwide, and in virtually all major industries. The economic benefits of containerization have, among other things, brought about the restoration of our merchant fleet.

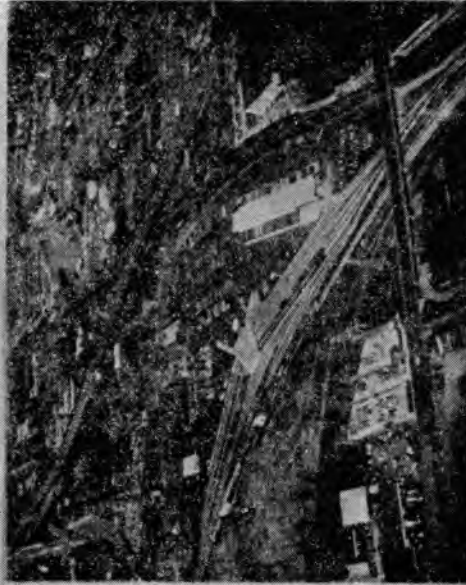
The "Crisis in Rural Transportation" study, to be conducted by the Economic Research Service of the U. S. Department of Agriculture, would be expanded as follows:

Railroads Go All Out To Tie Up With Ports

Revamping Yards as Intermodal Centers



Santa Fe container facilities at Corwith Yard in Chicago which will be expanded to include four mobile cranes operating on five tracks



Missouri Pacific Railroad intermodal center in St. Louis. Plans call for additional cranes and materials handling equipment at complex

Fig. 7. An excellent story from the magazine Container News, April 1973, that tells of the profitability of containerization to both the railroads and the ocean shipping companies.

Study the potential for utilization of the container concept in the movement of agricultural products and agribusiness products to and from the farm.

Study potential use, intracontinental United States.

Study potential use for export and backhaul potential.

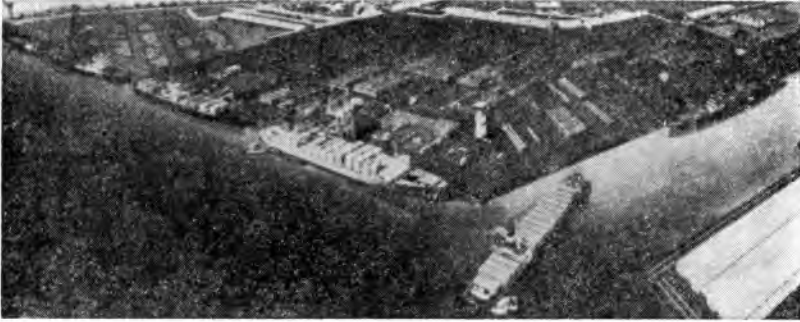


Fig. 8. An example of how our major ocean ports in this country have already geared up for containers. I have recently visited this port and a few others and can personally attest to the efficiency of this type of operation. A container ship can be loaded and unloaded in as little as a day. Contrast this with the older type cargo ships which sometimes take almost a week to load and unload.

Figs. 9, 10 and 11. Show the railroads advertising for the container business. It would appear that many of the railroads current advertising budgets are directed toward obtaining more container shipping. [Figures omitted by Editor.]

Study potential use of refrigerated containers for shipment of processed poultry and meats, both intra-United States and for export.

Study combination usage between agribusiness and nonagribusiness to utilize containers both ways and thus encourage dispersal of industry and jobs.

A research and development program to develop hardware, especially new types of containers; and if necessary, development of inexpensive methods of on- and off-loading containers on farms, at elevators and collection points, and onto flatcars and barges.



FIG. 12

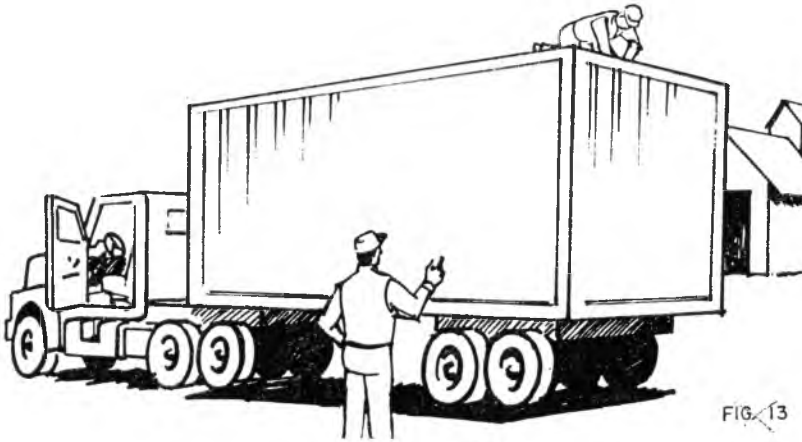
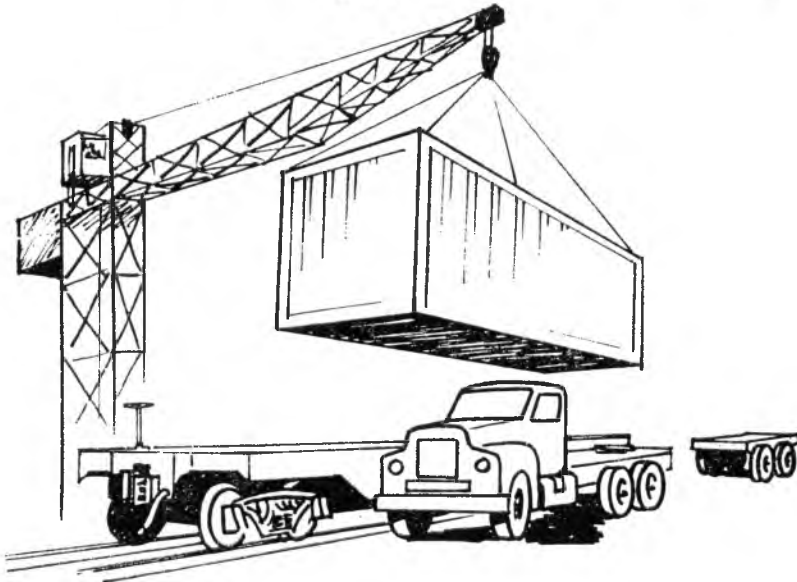


FIG. 13



Figs. 12, 13, and 14. Show how this system might work if used in agribusinesses. The container concept is not new; however, the last ten years have seen an enormous growth in this field. The growth has been so rapid that we appear to just now be reaching a plateau in which the container industry will be looking for new markets such as agriculture.

Recommend sources of private capital to finance and/or rent and lease containers, such as farm cooperatives, elevators, produce buyers, rail, truck and barge lines.

Coordinate this study with the "Crisis in Rural Transportation" study to see if present rural highways and railbeds are sufficient

to handle container loads. The study should detail deficiencies, if any, where these deficiencies exist and the cost and timetable estimates for correcting them.

., this matter of improved rural transportation and the "container potential" is of great interest to me. I strongly urge the U. S. Department of Agriculture to make it a part of this congressionally mandated study of the "Crisis in Rural Transportation."

A NEED FOR PROPERLY EDUCATING THE PUBLIC

We have been severely critical of the present administration during the course of these remarks. Let me hasten to add here that I sincerely believe that much of what has occurred would have occurred under a different president. The plain fact is that we live in a democracy and the legislative and administrative branches of our government are a reflection of the wishes and desires of the public. Unfortunately that public can at times be very shortsighted. If blame is to be placed, then let it be placed on us for a very poor job of educating the public.

I will conclude not with my own remarks but with those of the Honorable "Tip" O'Neil, majority leader of the House of Representatives. Congressman O'Neill made these remarks following Congressman Alexander's reply to the president's State of the Union message.

I want to congratulate the gentleman from Arkansas on the fine talk that he has given today. Some of us may not be aware of what was actually in the president's State of the Union message concerning the rural problems of America and the gentleman is educating us.

It is very interesting when we note the history of the past few short years. It was back at the start of 1920, approximately 31 million Americans lived on farms. Now there are between eight million and ten million on the farms.

At one time when we read the history of Congress, the farm block was the instrumental power in Congress. Today there are but 25 members of Congress who represent purely agricultural districts. There are about 115 members who represent rural areas and suburban areas; and there are 295 members from the metropolitan and urban areas of the United States.

It was Williams Jennings Bryant who once said:

"Burn down your cities and leave our farms and your cities will spring up again as if by magic; but destroy our farms and grass will grow in the streets of every city in the country."



Fig. 15. Our conception of how a collection point for grain might look in the future. If we have the rail abandonment predicted and if we are to save the country elevator, these collection points could be the answer that just might save these elevators economically and in turn the communities that they serve.

Fig. 16. An excellent story from a British container magazine that explains England's inability to move fully loaded containers to inland areas because of their rail abandonment and their poor rural roads. You are very possibly looking into our future when you view this figure. [Figure omitted by Editor.]

